



THURSDAY,
JULY 4, 1957

THE JERUSALEM POST

Meir Says West
Losing in M-E
To Communists

16 Die in Egyptian Election Clashes

At least 16 Egyptians were killed in clashes yesterday, as elections to the regime's First National Assembly got underway. Cairo Radio reported last night, quoting a Ministry of Interior communiqué.

Over 100 persons were arrested by the security authorities, and widespread incidents in which groups of demonstrators in some cases attacked polling stations.

The 16 were said killed when two groups clashed in one place, which was not named. Each group had tried to enter the polling station first, the announcement stated.

Police fired shots when a group attacked a committee supervising polling in one constituency. No one was hurt in this incident. Twenty-two persons were detained after a group of 100 persons demonstrated before an election station, while 10 were seized elsewhere, it was stated.

The first meeting of the National Assembly will take place on July 22 and leading world personalities will be invited, the Middle East News Agency reported. The agency said that Abdul Nasser will make a "momentous" speech on the occasion.

Over 5,800,000 voters are to elect 300 members from a single list of 1,318 candidates who have been screened by the Council of National Union under Abdul Nasser. A quarter of the future deputies are unopposed.

**Persian Earthquake
Death Toll Said 300**

TEHERAN, Wednesday (Reuter). — More than 120 bodies have so far been recovered in Larjan, north-east of here and near the Caspian Sea scene of Monday night's earthquake.

Newspaper reports claimed that 300 persons lost their lives in the quake which shook the whole of Persia's Caspian provinces.

**Bourges to Demand
Vote on Euromart**

PARIS, Wednesday (Reuter). — The Council of Ministers today authorized Bourges-Maunoury to stake the life of his three-week-old Government on ratification of the new Euratom and Com-men-Makter treaties.

The National Assembly began an important debate on the treaties yesterday and is expected to continue discussing them until Saturday. Most observers believed a favourable vote on ratification is assured.

M. Bourges-Maunoury was also authorized to ask for a vote of confidence on the prolongation of special powers accorded to the Government to deal with the insurrection in Algeria.

**LORD CHERWELL
DIES AGED 71**

LONDON, Wednesday (Reuter). — Lord Cherwell, 71, was Sir Winston Churchill's scientific adviser during World War II and after died here last night, it was announced today.

In 1951 he was placed in charge of all matters relating to atomic energy.

Lord Cherwell was taken ill last night and died soon afterwards.

Formerly Professor Frederick Lindemann, he conducted aerodynamic research during World War I and continued his work at Oxford University. He played a considerable part in the thirties in alerting Britain to the danger of air warfare.

His father was an Alsatian businessman who had settled in England.

**HAR CARMEL SAILS
TO LIBERIA**

HAIFA, Wednesday. — The Haifa Carmel (14,000-ton) largest freighter in the Israel merchant navy, left for Monrovia today after her first call at the home port. She will load iron ore for the U.S. and then go on "tramp" service for the next few months.

Wimbledon Results

LONDON, Wednesday. — In the semi-finals of the men's singles in the Wimbledon Lawn Tennis Championships here today, J. Cooper, Australia, beat N.A. Fraser, Australia, 1-6; 14-12; 6-3; Lew Hoad, Australia, beat Sven Davidson, Sweden, 6-4; 6-4. (Reuter, UP).

(Earlier Results, Page 2)

Arab Legion Chief
Quits, Cairo Says

The Jordan Chief of Staff, General Habib Majali, resigned on Tuesday. Cairo Radio claimed last night there was no confirmation from any Jordan source.

The radio said that the resignation was "immediate" but that it had only been announced after King Hussein gave his approval.

It said that the likely successor to Majali would be Col. Sadik Shar'a, who, the radio said, "is a person who enjoys the confidence and support of the American Ambassador to Amman."

**M.P.'s Among 14 Jailed
By Nablus Governor**

AMMAN, Wednesday (Reuter). — Fourteen people, including several Members of Parliament, have been arrested on orders of the military Governor General in the Nablus area, it was disclosed today.

The arrested were accused of taking part in a series of demonstrations and rioting in Jordan and will be handed over to martial law tribunals after an inquiry.

**Two Palestinians Head
Subversives in Jordan**

NEW YORK, Wednesday (INA). — The Jordan Military Governor of the Hebrew-Jordanian areas, Kamel Tunkan, charged yesterday that two former Palestine Arabs working with Egyptians were directing subversion in Jordan from Damascus. "The New York Times" reported.

The first business of the Congress was to elect a new secretary, and this position went to Mr. Albert Carthy, 50, former head of the International Division of the British Trade Union Congress.

The working session of the Congress began this morning with a roll call vote of 74-0 in an overtime night session in which the Senate beat down two drives to make further reductions.

But it approved an amendment calling on Defense Secretary Charles E. Wilson to take all possible steps to save money by eliminating waste and duplication in military procurement and supply.

As approved by the Senate, the measure would restore \$271m. of the \$1,200m. in House cuts labelled as dangerous by the President. He dismissed another \$1,200m. in slashes as mere "bookkeeping" or "paper savings."

The bill now goes to a House-Senate conference committee to thrash out differences in the different totals voted by the two chambers for the Army, Navy and Air Force for the current year.

The last time rain was reported in this country in July was in 1926, when Safad suffered a downpour.

**Iraq Cuts Troops
At Jordan Border**

BAGHDAD, Wednesday (Reuter). — Iraq has decided to reduce the size of its garrison at the H-3 oil pumping station near the frontier with Jordan.

The move was described as "routine" in order to give troops a change and a rest from long periods of duty in remote areas.

A spokesman said Iraq would continue to maintain a strong fighting force at H-3 ready to give military aid to Jordan at any time needed.

The troops, who are to be relieved, had crossed into Jordan last November at the request of the Jordan Government.

**U.S. Envoy Speaks
On Independence Day**

TEL AVIV, Wednesday. — America and Israel must be vigilant in order to "protect and preserve the liberties that have been won for us," Mr. William O. Baxter, U.S. Charge d'Affaires, said tonight at a celebration at Z.O.A. House, to mark the 15th anniversary of American Independence.

Addressing a capacity audience, Mr. Baxter stressed the close ties between the U.S. and Israel. "For both of us," he said, "the word 'independence' carries a special meaning arising from history, for both of us it means freedom from a semi-colonial political order, the subjugation of nationalism, and what Abraham Lincoln termed 'A new birth of freedom.'

(Earlier Results, Page 2)

VIENNA, Wednesday (Reuter). — Mrs. Golda Meir, Israel Foreign Minister, declared today that the Western Powers "stand no chance in the Middle East against the demagogic propaganda of the Communists as long as they do not offer constructive proposals and aid for the Arab peoples."

Addressing the annual conference of the Socialist International, where she is a Major General, she said that the Communists were in a very privileged position in the Middle East as they only have to put the blame for the misery and poverty in these areas on the imperialists to win the hearts — not the minds — of the people.

She added: "The West is not in such a position. The West should not only try to win the goodwill of the kings but also of the peoples."

Mrs. Meir declared that Abd Nasser's aim was not only to rule over Egypt, "but over all of the countries of Islam and parts of Africa."

Hiller's Language

She pointed out that he had laid down these aims in his book "The Philosophy of the Revolution." Abd Nasser's words should not be interpreted, but should be quoted as they were to see "Nasser's attitude to Hitler."

Commenting on the role of the Soviet Union in the Middle East, Mrs. Meir said it had brought "more tension, more encouragement for the dictators, but nothing constructive" to the peoples of this area.

The two most important problems to be solved first in the Middle East were irrigation and the refugee question.

She added that a solution of the latter problem was not possible as long as the Arab leaders did not wish to have solved.

Mrs. Meir also called for direct peace negotiations between Israel and the Arab nations.

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Jerusalem Post Staff

Rain fell intermittently over most of Galilee on Tuesday night and yesterday afternoon. In most places farm work had to be stopped.

In Haifa, between 8 and 10 o'clock yesterday morning, there was a variety of precipitations ranging from brief light showers to several heavy, almost tropical downpours. In the Port, 12 mm. of rain was recorded. The clouds dispersed in the afternoon and the temperature rose towards normal.

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**First July Rain
In 31 Years**

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**U.K. Presses Bulgaria On
Al Victims' Claim**

LONDON, Wednesday (INA). — The British Government has submitted several claims to Bulgaria for compensation for relatives of U.K. citizens killed in the Israeli plane which was shot down over Bulgaria in 1953, but with no result.

This was a thin drizzle in the Lachish region yesterday afternoon, despite the heat.

Jerusalem was warm again yesterday, although there was some cloud. The day before, it was still cold. In Tel Aviv, a cool, seaborne yesterday evening ended a warm day.

(Meteorological Service — Page 2)

**New One-Hour Solar
Eruption Noted**

STOCKHOLM, Wednesday (Reuter). — Sweden geophysicists this morning photographed a new solar eruption lasting one hour.

The explosion caused disturbances in the atmosphere which interrupted shortwave radio and telecommunications in many parts of the world. It also caused compass deviations of up to one degree.

This was the third solar explosion to have been observed this week. Cosmic particles streaking off the sun surface are reaching the earth in the form of magnetic disturbances causing partial radio blackout.

In Israel, these disturbances have been heavily interfering with the reception of radio reports by news agencies.

Addressing a capacity audience, Mr. Baxter stressed the close ties between the U.S. and Israel. "For both of us," he said, "the word 'independence' carries a special meaning arising from history, for both of us it means freedom from a semi-colonial political order, the subjugation of nationalism, and what Abraham Lincoln termed 'A new birth of freedom.'

(Earlier Results, Page 2)

U.S. Studying 'Clean' H-Bombs

WASHINGTON, Wednesday (UP). — President Eisenhower invited representatives of all nations to come to examine the claim of American scientists that they are approaching the development of an absolutely "clean" bomb.

He reiterated that the U.S. stood firmly behind its offer to suspend tests for 10 months as part of a first-step disarmament plan. He added that the U.S. proposal was "unhelpful" to the cause of peace and stability in the Middle East as it only announced after King Hussein gave his approval.

It said that the likely successor to Majali would be Col. Sadik Shar'a, who, the radio said, "is a person who enjoys the confidence and support of the American Ambassador to Amman."

**USSR Communist Presidium Drops
Malenkov, Molotov and Kaganovitch**

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Social & Personal!

Mayor Abba Khoussy, of Haifa, received the New York delegation of members of Israel Bonds on Tuesday. He later took the group on a tour of the Weapons Exhibition.

A farewell reception for Mr. Gideon Rafael, the newly appointed Minister to Belgium and Luxembourg, was held by the Israel-Belgian Friendship Association at the Keren Hisayad hall in Tel Aviv yesterday.

Mrs. Miriam Kubovy, wife of Israel's Ambassador to Argentina, toured Eilat and King Solomon's Mines at Timna yesterday as part of a comprehensive study of enterprises aided through Israel Bond Funds.

Today's Rotary luncheon meeting to be held at the Z.O.A. House at 1:15 p.m. will be addressed by Mr. John J. Haggerty, Director of U.S.-O.M. in Israel, who will speak on "Individuality of Independence."

Professor Anton Lang, of the University of California, will lecture on "Chemical Regulation of Photo-Periodism," under the auspices of the Hebrew University, at the Medical School, at 8:30 p.m., today.

Friedman Denies Padwa Salary Claim

Jerusalem Post Reporter

TEL AVIV, Wednesday.—Mr. A. Friedman, a former director of Kaiser-Frazer, denied in the District Court here yesterday that Mr. Jack Padwa, managing director of a division in the Corporation, was at a stipulated salary and an option on the purchase of shares. Mr. Padwa is suing Mr. Friedman, Mr. E. Ilan, Managing Director of Kaiser-Frazer, and advocate E. Persitz for IL250,000 for breach of the agreement.

Mr. Friedman declared that in 1954 Mr. E. Ilan, an American representative of the Corporation, told Mr. Persitz that Kaiser-Frazer was considering establishing a plant in Israel. Mr. Persitz then asked the witness whether he and Mr. Ilan were interested in participating in the project. Mr. Persitz told the witness that he had met Mr. Price together with Mr. Friedman and the latter was interested in becoming a partner. At a later meeting in Italy Mr. Price made no mention of Mr. Padwa.

Mr. Friedman testified that he had never heard that Mr. Padwa was to have a directorship. An active role in the management had been spoken of but he had never mentioned it of specific salary.

In January 1955, a meeting was held in Paris attended by representatives of the Israel Government, the U.S. Kaiser-Frazer Corporation, Messrs. Persitz, Ilan, Padwa, the Saharov brothers, and the witness, with Mr. Persitz leading the negotiations. No agreement was reached and since the witness went to the U.S. with the Government's final offer and the agreement was signed. At that time Mr. Padwa could not decide on the amount of his investment since his money was still frozen in Bermuda.

Mr. Friedman contended that the Mr. Padwa had been invested with authority to negotiate with the Government. During 1955 Mr. Persitz informed the witness that Mr. Padwa claimed that he had been promised an option on the acquisition of shares for a period of a year after the commencement of production. Mr. Persitz had said that the option spoken of was for a year since the time of his talks with Mr. Padwa.

The hearing before Judge Z. Zeltner, was adjourned until Sunday.

(Itim)

THE FIRST HOTEL in Kiryat Shmona was opened yesterday. It was built by the Kiryat Shmona Development Company, a public body, at a cost of IL40,000, and has 18 beds and a dance hall.

Cinemas**JERUSALEM**

At 8:30, 7 and 9:30 p.m. ANNON: Gun Smoke. EDDIE: Bellesima.

ORGEL: Rommel's Treasure. OLYON: Private's Progress. ORNA: Storm Centre. ROMA: Mission Impossible.

SEMDAR: Hill 24 Does Not Answer.

EION HALL: Eyes at the Hammer.

THE OR: Cross Fire.

EDISON: Richard the Third. At 3:30, 6:30 and 9 p.m. STUDIOS: The Lavender Hill Mob.

TEL AVIV

At 4, 7:30 and 9 p.m. ALLENBY: A Kiss Before Dying. ARNON: David's Serenade.

DAN: We Want a Child. MATTHEWS: King Kong.

EDEN: Andie.

ENTHIE: Somebody Up There.

MOGHAM: Anastasia.

MIGDAL: L'Etrange Madame X.

OLION: Driza.

SEDERSON: Rebel Without a Cause.

TAMAR: L'Uomino delle Spine.

TEUFEL: Killers in Love.

TAIRON: Fumando as Deas Joss.

TAZON: A Kid for Two Fathers.

TAZON: La Caglia aux Souris.

HAIFA

GAL: OR: The Narrow Margin. HATZERI: The Thin Man.

ARNON: La Sorella.

KIN DOB: Cavalleria Rusticana.

OLBY: Casanova.

GRAB: The Bigamist.

ANDREW: The Bigot.

KNOX: Mr. Alibi.

MORIAN: The Bad Seed.

OLION: The Bold and the Beautiful.

OLION: Casanova.

FREE: Helms of London-Voca.

TCHELET: My Sister Sissie.

MAY: War and Peace.

LAW REPORT

The Jerusalem Post July 4, 1957

In the Supreme Court Sitting as Court Of Civil Appeal
Before Justices Agnon, Amcor Ltd., v. Income Tax Assessing Officer (C.A.32/56), Income Tax Payable On Profits Made from More Favourable Rate of Exchange

The Supreme Court dismissed an appeal against a judgment of the Tel Aviv District Court delivered on January 2, 1954 (L.T.A. 281/53).

The Amcor factory manufactures refrigerators from parts imported from the American Company of America. The company pays for these parts in dollars which it gets through the Israel Treasury or from foreign residents who wish to present their friends or relatives in the U.S. with refrigerators. In 1950, Amcor reached an agreement with a foreign investor whereby the latter bought shares in the company for \$100,000 for IL24,000. This latter sum was immediately transferred to the Phisco company in payment for refrigerator parts.

In the following years changes took place in the rate of exchange of the dollar in Israel until in 1955 the official rate of exchange for imported goods was IL3.80 to the Israel pound, as opposed to 10.00 for the dollar, which was the rate when the IL24,000 shares were first bought by the above foreign investor. The IL24,000 originally paid for these shares became worth IL400,000 in 1955, giving the Amcor company a profit of IL176,000.

The income tax authorities demanded a tax of IL162,828 on this profit, but the company contended that the profit and therefore not taxable. The company then proceeded to enter the sum of IL24,000 at its original value of IL162,828 in its financial year ending March 31, 1955, under the heading capital assets, justifying this on the grounds that, for the purpose of carrying on its business, it had invested the same amount of dollars with the Phisco company and that the whole purpose of the investment had been to ensure that a sum of IL24,000 should be realized for business purposes and that it should form part of the profit and loss account.

Neither the assessing officer nor the Tel Aviv District Court was prepared to accept the contention that the basis of the decision, later on, was the well-known case, Imperial Tobacco Co. v. Kelly (1948) 3 AELR 119, which concerns British tobacco companies who deducted dollars for the purpose of buying tobacco leaf and having been left with them after the war broke out and the import of tobacco leaf was prohibited by law to sell them back to the British Treasury making a profit from the sale. It was held that the profit made on the sale of tobacco leaf was a revenue and must be included in profits for the purpose of income tax assessment.

Appeal dismissed with IL200 costs.

Reasoned judgment given on June 30, 1957.

Junior Chamber Gets Tokyo Invitation

In the appeal to the Supreme Court Mr. Landau appeared for the appellants and Mr. Shimron and Mr. Novick for the respondent.

JUDGMENT
Justice Witton, who delivered the judgment of the Supreme Court, said that it is true that the source of the disputed dollars is a capital transaction — the ac-

'Peaceful Atoms' Rejected by Bonn

BONN, Wednesday (Reuters)—A constitutional amendment on the peaceful use of atomic energy was rejected by the Bundestag in Bonn yesterday after the Chancellor, Dr. Konrad Adenauer, said it might prevent West Germany's atomic armament.

The amendment — which failed for the second time by two votes — would have empowered the government to pass laws "for the promotion of buying refrigerator parts" and cannot now claim that they were kept as an untouched and untouchable reserve.

The truth of the matter, Justice Witton continued, is that these particular dollars were put into an ordinary current account and withdrawn from there and replaced by other dollars in the course of time. In other words, actual dollars paid to the appellant by the foreign investor were used a long time ago in the ordinary course of the appellant's commercial activities.

As to the comparison with Imperial Tobacco Company v. Kelly, Justice Witton continued that the amendment might be interpreted as meaning that West Germany would be forbidden to have atomic weapons. The spokesman said the measure would not now go through before the federal elections in September.

An opposition Social Democratic source said Dr. Adenauer had told a private party meeting he would not stand for election as Chancellor if the amendment went through and "barred an active West German defence policy."

Atomic energy development can continue for the time being, however, under legislation passed by the state governments.

ON THE AIR**FIRST PROGRAMME**

19.1. 24.10. 30.11. 6.12. 12.12. 19.12. 2.1. 8.1. 15.1. 22.1. 29.1. 5.2. 12.2. 19.2. 26.2. 2.3. 9.3. 16.3. 23.3. 30.3. 6.4. 13.4. 20.4. 27.4. 4.5. 11.5. 18.5. 25.5. 1.6. 8.6. 15.6. 22.6. 29.6. 6.7. 13.7. 20.7. 27.7. 3.8. 10.8. 17.8. 24.8. 31.8. 7.9. 14.9. 21.9. 28.9. 5.10. 12.10. 19.10. 26.10. 2.11. 9.11. 16.11. 23.11. 30.11. 7.12. 14.12. 21.12. 28.12. 4.1. 11.1. 18.1. 25.1. 1.2. 8.2. 15.2. 22.2. 29.2. 5.3. 12.3. 19.3. 26.3. 2.4. 9.4. 16.4. 23.4. 30.4. 7.5. 14.5. 21.5. 28.5. 4.6. 11.6. 18.6. 25.6. 2.7. 9.7. 16.7. 23.7. 30.7. 7.8. 14.8. 21.8. 28.8. 4.9. 11.9. 18.9. 25.9. 2.10. 9.10. 16.10. 23.10. 30.10. 7.11. 14.11. 21.11. 28.11. 5.12. 12.12. 19.12. 26.12. 2.1. 9.1. 16.1. 23.1. 30.1. 7.2. 14.2. 21.2. 28.2. 4.3. 11.3. 18.3. 25.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.9. 10.9. 17.9. 24.9. 1.10. 8.10. 15.10. 22.10. 29.10. 6.11. 13.11. 20.11. 27.11. 3.12. 10.12. 17.12. 24.12. 1.1. 8.1. 15.1. 22.1. 29.1. 6.2. 13.2. 20.2. 27.2. 3.3. 10.3. 17.3. 24.3. 1.4. 8.4. 15.4. 22.4. 29.4. 6.5. 13.5. 20.5. 27.5. 3.6. 10.6. 17.6. 24.6. 1.7. 8.7. 15.7. 22.7. 29.7. 6.8. 13.8. 20.8. 27.8. 3.

Today's Postbag**The Weather**

FORECAST: Fair.

Mr. Chanan	A	B	C	D
68	35	25	15	5
Tiberias	68	35	25	15
Hatta Port	67	34	27	17
Nahariya	67	34	27	17
Tel Aviv Port	67	34	27	17
Lydda Airport	67	34	27	17
Jerusalem	67	34	27	17
Bethsheba	67	34	27	17
Gaza	67	34	27	17
Eilat	67	34	27	17

"A" Minimum at 8 p.m.; **"B"** Minimum temp.; **"C"** Maximum temp.; **"D"** Maximum temp. expected today.

ARRIVALS

Mrs. Bebe Idelson, M.K., from the Socialist Women's convention in Vienna.

Aluf-Mishne Benjamin Gibl, after an extensive speaking tour. (Both by El Al)

Mr. Samuel Saul Jr., of Pittsburgh, President of the Western Pennsylvania Zionist Region, as guest of the Jewish National Fund.

Mrs. Florence Nutner, Vice-Chairman of the United Israel Appeal in Canada, for a fortnight's visit. (By TWA.)

DEPARTURES

Dr. M. Avidor, Director-General of the Ministry of Education and Culture, for Geneva, to represent Israel at the annual conference of the International Bureau of Education.

Dr. Y. Arnon, Director-General of the Ministry of Finance, for a week's visit to England and Europe.

Mr. M. Eren, M.K., and Chairman of O.S.E. in Israel, for Paris to attend the world O.S.E. conference opening today.

Professor I. Reichert, plant pathologist in the Hebrew University Faculty of Agriculture, on a mission which will take him to most Mediterranean countries engaged in citrusiculture.

THE "EWEY" convoy took Mount Scopus yesterday took food and fuel to the Hebrew University - Hadassah compound.

THE TURKISH liner *s.s. Marmara* arrived in Haifa yesterday with 111 passengers and 50 immigrants.

A GROUP OF 31 children of new immigrants from Europe has been received into the Jerusalem Wizo Baby Home under an agreement with the Jewish Agency Absorption Department. The children, for whose reception special arrangements have been made, range in age from six months to 10 years. They will stay at the Wizo home while their parents study Hebrew at various up-to-date institutions.

A HIT-AND-GUN motorcycle, Halli Elias Yesef, from Kfar Rama, who seriously injured a pedestrian some time ago, was fined IL100, sentenced to one week in prison and deprived of his driving licence for one year by Magistrate Dr. Levin in Haifa yesterday.

MR. AVRAHAM BEN-MOSHE, a former secretary of the Bakers Union, was committed for trial by the Tel Aviv District Court yesterday by the Magistrate, Mrs. M. Shamir. Mr. Ben-Moshe is accused of theft through an intermediary, forging a document and obtaining IL15,000 by false pretences.

IN THIS 45TH drawing of the Fourth Series of Mandate Baker Bonds held in Tel Aviv yesterday, the following numbers won prizes: 748,457 - IL1,620; 714,600 - IL330; 605,140 - IL169; numbers 671,370, 685,335, 737,694, 781,850 and 531,188 won IL500.

Child Killed, Three Hurt By Runaway Horse

Jerusalem Post Reporter

BEERSHEBA, Wednesday.—A child was crushed to death, two others slightly hurt and one adult severely injured yesterday when a horse bolted with the wagon in which they were riding in Moshav Gilat, near here.

The child, Rahel Shiloni, 4, fell between the cart and the runaway horse. She died on the way to hospital.

Eliahu Eldan, 35, was taken to hospital in a serious condition.

Eldan had borrowed the cart to transport some cut-sized irrigation pipes and a friend, Haim Metodi, 41, was driving it.

The horse, apparently frightened by the rattling of the pipes, bolted with the cart and all but the driver were thrown out.

The police have detained Metodi.

Money in Circulation Rises by IL1.5m.

Currency in circulation rose by IL1,512,764 during the week ending Tuesday, reaching a total of IL24,782,860, the Bank of Israel announced yesterday. Gold reserves rose by IL2,130 and exchange and promissory notes by IL8,276,200. Foreign currency reserves dropped by IL8,708,820.

To the Manager of the Kadimah Chemical Corp.

Mr. HAIM SANDERSON

our deepest condolences on the death of his

FATHER

MEIR ANAWI AND FAMILY

Tel Aviv

Survey of Future Eilat Harbour to Start Soon

Jerusalem Post Reporter

A large-scale survey of the site of the projected Eilat deep sea harbour, to determine the technical details on construction, is to start within a few days, it was learned in Jerusalem yesterday. The survey will be carried out for the Eilat Development Committee, established jointly by the Ministries of Development and Transport. It will take three months and will cost about IL100,000.

Work on Eilat Harbour Speeded

By M. BEN-DOV
Jerusalem Post Reporter

The Survey will be carried out by Fred Glasman and Werner, Marine Engineers, of Haifa and will determine the type of construction needed for the new wharfs in Eilat.

It is understood that when the survey is completed and the technical report made, the first stage of the Eilat Deep Sea Harbour Construction will be implemented. In this phase there will be 400 metres of wharf alongside will be sufficient for ships of up to 12 metres draught, enabling almost all modern freighters to tie up.

The building was picked for conversion two months ago and Solei Bonch has handed it over to the Public Works Department. However, nothing was done, and following demonstrations last week the building was handed back to Solei Bonch for immediate conversion. The contract calls for completion of the work in three months, but Solei Bonch hopes to finish it in six weeks.

The new hospital will have two wards of two beds each, and a fully-equipped operating theatre.

Solei Bonch is now finishing the last of the 400 dwelling units he planned for 1957 and the ground is being leveled for the next batch, as well as for a new school which is to be built in the present school compound.

3-Year-Old Killed by Truck in Capital

Eliezer Friedman, a 3-year-old boy, was run over and killed yesterday in Jerusalem by a truck owned by the Osh Company.

The driver of the vehicle did not stop and was only caught in the centre of town from a description given by eyewitnesses of the accident at the corner of Rehov Yoel and Rehov Hoses. He claimed that he did not know that he had run over the child.

He was detained by the police. (Itim)

Dead Sea Works Cutting Staff

BEERSHEBA, Wednesday.—The Dead Sea Potash Works today dismissed 40 workers as part of a retrenchment programme. The dismissed workers live at Dimona, where 80 more are already out of work.

More dismissals will be resumed on Friday. The next witness will be Arieh Eilashav.

Malinki Faced with Testimony Made Before Zohar Committee

By MACABEE KASKIN, Jerusalem Post Reporter

Parts of the Zohar Report were read yesterday before the Kfar Kasim Military Tribunal by Mr. Yitzhak Orren, counsel for Sereen Gavriel Dehan, the No. 2 accused. In his excerpt he was read by Avi-Stern Shmuel Malinki, the No. 1 accused, clearly placed most of the blame for the tragedy on his superior officer, Aluf-Mishne Issachar Shadmi.

A week ago, on the witness stand, Malinki had blamed Dehan.

After reading each brief excerpt, Mr. Orren turned to Malinki and asked him if it was true that he had said to the Zohar Committee which investigated the tragedy in November.

Malinki invariably replied: "If it is written there, I must have said it."

From the Report, it was shown that when Malinki was asked by one of his officers on October 29 about the fate of the villagers returning unscathed from the curfew, specifically about the women and children, he had quoted A/M Shadmi as saying: "I don't want any soft-heartedness. I don't want any arrests. May Allah have mercy on their souls."

Malinki had told the Zohar Committee that his "soul recollects from such an order." However, he did not issue specific reservations to his men not to implement it. He admitted that perhaps he did not because he did not have sufficient courage.

The Zohar Committee Chairman had asked him: "Why were you surprised to hear about the dead? The order was clear — to kill people."

Malinki had answered that he had recited from such decree.

Malinki continued that although he respected his command, he did not want to break his promise to his men. He had once found Dehan kicking a dead fedgey (one of five killed) in the head.

Malinki was not surprised. He told the Committee, since he knew that Dehan had participated in the hanging of the British sergeants before the War of Independence. But he had thought that Dehan had reformed and was now a good man ready to go through "fire and water." He had even escorted a truck.

A few days later, the manager called up to say that the trap was sprung.

Police lined up all the female staff of the factory and dabbed their fingers with the solution. The tell-tale dye appeared on the fingers of Aliza Abragil, an employee of three weeks' standing.

She is suspected of having disposed of the money, some IL7, after having first hidden it in her clothing, which also reacted to the solution.

The cross-examination will be continued today.

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But he had thought that Dehan had reformed and was now a good man ready to go through "fire and water."

The cross-examination will be continued today.

Malinki explained that the interrogating officer had made a mistake. He became worried when he received news of 15 dead, not one.

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THE JERUSALEM POST

Founded as The Palestine Post in 1922. Published daily except on Saturday in Jerusalem by The Palestine Post Ltd. Registered at the G.P.O.

Editor
GERSON AGRON

Managing Editor
TEF R. LURIE

Editorial Office and Management
JERUSALEM 9, HaBavratot
P.O.B. 11 Tel. 4288 (4 lines)
TEL AVIV Bureau: 82 Nahalat
Binyamin P.O.B. 1256 Tel. 4281/2
HAIFA Bureau: 1 Rehov Khayim
P.O.B. 6 Tel. 6994 (2 lines)
Subscriptions: Local - ILR.500
per year. Abroad - ILR.500

Thursday, July 4, 1957
8 Tammuz, 5717 - 8 El-Haj, 1956

THE UNITED STATES FOREIGN AID programme is characterized in the supplement distributed with today's INDEPENDENCE issue of The Jerusalem Post

ISRAEL AND U.S. POST

aiming at assisting to foster the economic independence of the countries aided, with the ultimate aim of thereby increasing national stability the world over. This is a policy that is not only generous, but inspired with a far-sighted wisdom, and it is fitting that it should be modestly celebrated on the United States' own Independence Day July 4. Israel was not built on the day it was established, and the economic and technical aid which this country has received from the United States over the past nine years has without doubt been the single most important factor in its development and ability to absorb a million newcomers.

Yet some of the things that American experts have to say in this issue on the problem of our further development will not be popular, for they run counter to an established pattern of thought that has been hallowed by years of struggle. Dr. A. G. Black, of the Food and Agriculture Organization of the U.N., in particular, has some pertinent remarks to make on this subject. When it is taken into consideration that the settlement of a single farm family requires an average investment of ILR.26,000, compared to ILR.9,000 for an industrial worker, he argues, then it becomes plain that large-scale immigration can only be absorbed through systematic industrialization, which is in any case the normal development of every country passing from a primitive to a more advanced economy.

The logic of his figures is incontrovertible, and it is a logic that is by no means new to people concerned with Israel's agricultural economy. Dr. Black is not unaware that geo-political considerations enter into the need to scatter Israel's new population over the empty stretches of the country, and some consideration should perhaps be paid to his suggestion that it is not reasonable to expect either the farmer or the consumer to foot the bill for national security requirements. It has been argued in the past that it would be more economical to fortify the frontiers by means of small military detachments obtaining their food from Army sources, and requiring relatively little water, than by establishing frontier settlements at high capital investment and low working efficiency owing to the need to expend excessive numbers of working hours on defence needs, and it is the traditional back-to-the-land mystique of labour Zionism, it is said, that has caused us to cling stubbornly to the principle of giving preference to agriculture. There is an element of truth in this, for the old-timers know that the deepest loyalty to the land grew among those who tilled the land itself, as it has done elsewhere, while those who lived in the cities remained at least some of the traditional wanderlust of the Diaspora. There are indications, however, that a new form is being developed, that will both settle the people on land of their own, and create opportunities of employment that are economic by international standards, foremost among them the new industries that are beginning to be built in the Negev. As methods improve, the numbers employed in agricultural activities are shrinking all over the world. But that still does not mean that the whole of Israel's working population must be concentrated in a few cities. There is more than one way of redeeming the land, and we will not be able to do so successfully by keeping our eyes fixed too firmly on the past.

Morocco in Dilemma Over French Aid

By STEPHEN G. HUGHES

RABAT (OPNS).— MOROCCO is the only country in the world with five armies. For a population of less than 10 million there are over 200,000 troops, but this does not necessarily mean the country is well-defended. Morocco could have more trouble with "defenders" than with attackers. At the time of war, because rivals and conflicting aims make the armies almost impossible to weld into a cohesive force.

The French armed forces are the biggest, with 75,000 men commanded by General René Cogny, whose mission is to protect the 350,000 French subjects living here, to prevent the Moroccans giving too much aid to the Algerian rebels across the border, and independently to defend Morocco.

The Moroccans want to get rid of this "occupation army" and all it represents, but are left-over from French colonial rule. They resent its patrolling the Algerian frontier, and they believe they are quite capable of protecting French residents or defending themselves with the 20,000 regular troops and 10,000 auxiliary forces commanded by Sultan Mohamed V. Although only a small part of this regular Moroccan army is an effective force, it was equipped and trained by the French and Spanish when Morocco was a Protectorate of both Powers.

Rival Generals

Until quite recently the Spanish Army in Morocco numbered 55,000 men. Nationalists report that 20,000 reinforcements have just arrived from Spain, so that General Alfredo Galero Panigagua now has almost as many troops under his command as General Cogny.

Cogny and Panigagua are courteous acquaintances but bitter rivals. Spanish troops garrisoned in the north have no love for the French stationed in the south and vice versa. They are kept as far apart as possible in this country which could be compared in size to the State of California.

Like the French, the Spanish Army is also a leftover from the colonial era, and Panigagua's official mission is to help defend Morocco. In many Moroccan minds this means defending their country against the French, so for a time being they are glad to have the Spaniards in order to strike a balance. Moreover, the army of Generalissimo Franco in Madrid who must find it convenient to dump 75,000 restless troops in Morocco, because at home in Spain they might rock the boat too much.

Dollar-Hunting Moroccans

The fourth force is composed of 15,000 Americans stationed on four United States Air Force bases and one United States Navy station. With squadrons of atom bombers and supersonic fighters, their aim is to defend the West against Communist aggression, and the Moroccans seem quite happy about this as long as the bases put dollars in their coffers.

Holland Welcomes Israel Envoy

By H. BOAS
Jerusalem Post Correspondent

THE HAGUE.— OF the seven foreign envoys who chanced all to present their credentials to Queen Juliana of The Netherlands during the past fortnight only two received any coverage in the press apart from an obligatory one-sentence official notice. These two were the new U.S. Ambassador, Mr. Philip Young, and the new Israeli Minister, Dr. Hanan Cidor.

Mr. Young had a formal press conference at the U.S. Embassy upon his arrival in

Holland—actually before presenting his credentials—because the attitude of the Dutch press towards his credentials to Queen Juliana on June 18 was extensively written up.

Mr. Young and Dr. Cidor have one trait in common which makes them interesting news for the Dutch press: both of them are of Dutch extraction on their fathers' side. Mr. Young, a son of Young of the Young-Plan for German reparation to the Allies after the First World War, belongs to the first wave which emigrated to the United States from Holland in the year 1702, when their name was still De Jong—one of the most common Dutch names, even today. Dr. Cidor's connections with Holland are much more recent: his own father, who settled in Berlin towards the end of the last century, was born in Holland, and the name of Citron—the which is the name of the Israeli Minister—has Ashkenazi Hebrew roots and is still a well-known Dutch Jewish name. His elder brother, Paul, returned to Holland some 30 years ago and is now a very well-known painter in The Hague—a fact which many Dutch newspapers pointed out. Dr. Cidor speaks Dutch quite well, and made history in Dutch diplomacy by speaking to the Queen in her own language when presenting his credentials—a precedent.

Dr. Cidor created another precedent—this time not so much in Dutch diplomatic history as in the much shorter history of Israel's relations with the Dutch-Jewish community. Immediately after having presented his credentials, he went to Amsterdam—still the centre of Jewish affairs in Holland, where he officially attended the service in the main Ashkenazi synagogue on Sabbath morning after having had many of the Jewish communal leaders presented to him.

Then, several interviews with him have appeared in the Dutch press, whilst the presentation of his credentials to Queen Juliana on June 18 was extensively written up.

On his arrival at Schiphol Airport, on June 3, Dr. Cidor was awaited by a large press party and he was even asked to record a message to the Dutch people, which was broadcast in the newsreel that same evening. Since

then, several interviews with him have appeared in the Dutch press, whilst the presentation of his credentials to Queen Juliana on June 18 was extensively written up.

At his arrival in The Hague, he was welcomed by the Dutch troops stationed East of the river look surprisingly like Americans, except that they wear American uniforms and their badges of rank are similar to those of the American Army. They travel in

United States-built cars, and use a U.S.-style salute. If you didn't know any better, you might easily take them for a part of the American forces. "I only hope for your sake that they are not as well trained," the visitor added.

Today's contributors include M. B. Eliat, and Ernst Crook, Nahariya.

A FRIEND at Eliat in possession of a good spy-glass reports that he likes to take a look at what is happening in the sister port of Akaba, where there has been a great deal of coming and going lately. While he is not breaking his heart over the disintegration of the British military occupation of Akaba, he disapproved of what seemed to him the cheap humour calling one of the evacuation ships "Empire Kipi Waki," which he took to be a

pidgin-English challenge to the Empire to wake up. He was much relieved to hear that kipi waki is merely the name of a bird in the South Seas Islands, and that two sister ships of the Kipi Waki at Akaba, also called after him, are the Empire Gulf and the Empire Orange. But he wasn't out of the wood yet. When he went on looking at the ships, he thought he identified one of the Israeli frigates, apparently over for a friendly call. Again he was not so very far wrong, for the British frigate now at Akaba is actually a sister ship of the Israeli frigate in Eliat.

CONVERSATION at the cocktail party given at Mr. J. Haggerty's residence for Mr. Eliat, Director of the United States Operations Mission, a few days ago, at one point on whether there were really not enough guests for both the Sharon and the Accadie Hotel at Herzliyah, and why the Accadie had had to close down. Mr. Haggerty said that his father had a piece of land in Wisconsin, and that he had to sell it. One day, he says, a "little twister" came along and tore up one of the windmills completely. After the wreckage had been cleared away a neighbour dropped in and saw the windmill had gone. Didn't he have wanted to know? "Yes," said Haggerty, senior, who had got bored with the conversation:

There was a great rash of semi-official end-of-the-year parties this time. We have learned that the high-sounding ones should be understood in two parts. The "official" means that the party is not private and every-

one is invited, while the "semi-official" means that there are no special food being cooked and eaten instead.

From the contents:

ORTHODOX WING SAID DOMINATING JEWISH SEMINARY SHOULD ISRAEL ASK FOR AMERICAN GRANT-IN-AID?

ISSUE MAY 17 NOW ON SALE

the Jewish Post and OPINION

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ISSUE MAY 17 NOW ON SALE

Pitta Falafel



By arrangement with "Mauritius"

Yesterday's Press

Leary Report 'Appeasement'

YESTERDAY'S papers have

nothing complimentary to say about the Leary Report. Lawrence Abrahams (Ha'aretz) writes that it is a routine political exercise designed not to advance the cause of security, but to appease the Syrians. The Report makes strange reading against the background of sniping and acts of provocation, and leaves the mark of the declared aim for which the U.N. Supervision machinery was set up—the Armistice Agreement. Syria is guilty of undermining this Agreement and as a result takes the ground under his feet of UNTSO. It is not Israel's duty to protect the Syrians in this environment where it is not needed. The Truce Organization should act against the perpetrators of the disorders, not against their victims.

Lawrence writes that Mollier's stubborn refusal to fall in with the offered proposals shows that he desires to gain big economic advantages by holding out. He is shouldering a great responsibility, Davar (Histadrut) is amazed at the U.N. management's darrowing to turn down the demands of the Syrians. He writes that Mr. Mollier has roused most of the country against him, dealing him a definite and decisive setback.

Maurier writes that the important thing now is to find legal ground for getting the AIA machines going and then strive for an agreement.

Ha'aretz (non-party) and Dr. David (General Zionists) take up the question of the Security Service (Shin-Bet) and the State Controller's attitude about the need for a

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Omer (Histadrut) hails the idea of sending Israel secondary school students to live in Druse villages and notes that there will be mutual advantages of broadening horizons on both sides. The paper only regrets that the number of students is limited to 35.

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THE JERUSALEM POST

SPECIAL SUPPLEMENT

JULY 4, 1957

HOW TO ABSORB 100,000 IMMIGRANTS

By Levi Eshkol
Minister of Finance

THIS year, as everyone knows, over 100,000 immigrants will come to the shores of Israel. This number is equal to more than five per cent of our present population. At the end of 1957, Israel's population will pass the two million mark and be on the way to its third million.

On the one hand this means that long-range plans for economic expansion will have to be implemented quickly. On the other hand, it means that we shall have to meet and solve several short-run emergencies because of the volume of immigration of which this year's is only a beginning.

The foremost immediate problem is that of housing. For this year's 100,000 immigrants, we need 25,000 units. New channels for funds to finance buildings are already being investigated here and abroad. Our existing resources are clearly insufficient. We have already brought before the Knesset a request for the authorization of a special loan, housing loan. In addition, I have just been on a visit to the United States, where I went primarily to interest American builders in investing in construction in Israel, offering special incentives because of our great need.

But a house, no matter how quickly built or well constructed, is only the beginning. Our principal concern is to make these newcomers productive and useful citizens as part of our society.

Farm and Factory

The two major wage-earning sectors of our population are agriculture and industry. We do not intend to increase our civil or public services except for such vitally needed personnel as teachers, public health workers and the like.

Agricultural expansion according to the present programme will take some 5,000 to 6,000 families. Almost three-quarters of these families will be absorbed in existing settlements, the major part of them in long-established villages and kibbutzim. The remainder will be the nucleus of new agricultural settlements, some of them on land to be reclaimed in the Adom region of the Jerusalem mountains.

The main reason for the concentration on existing settlements is because they have means of production which can be exploited quickly and effectively. Still it will take about four years for these new farm families to be fully productive workers. The entire programme will cost about IL133.5m. with almost IL40m. of that to be spent in the first year for housing and farm development. On the other hand, when these farms will be producing fully, they will add some IL40m. to the value of our annual agricultural production.

This part of our four-year plan for agricultural development is intended to fill in the framework already laid out in major irrigation projects in the stress on industrial crops and in producing for export.

Wide Network

We are also going ahead swiftly with our programme for a balanced distribution of the population. Our emphasis is both north and south. Of the new immigrants, 60 per cent will be directed to the settlements and towns to be built in the Negev and Galilee. Eventually we shall have a network

of settled places grouped around regional urban centres from the Red Sea to the northern border.

Despite this bold planning, our agricultural expansion will eventually be limited by our water and land resources. We cannot hope to employ more than 20 per cent of our wage earners on farms. Industrial expansion must therefore receive much of our attention.

Of this year's 25,000 immigrant families, seven to eight thousand will be directed toward industry. Knowing that our industry will have to absorb most of the new wage earners, we have already put into effect a four-year plan for the extension of heavy and light industry. The broad outlines of this plan have already been published to some extent, but it is useful to fill in some of the details.

In essence it encompasses almost 800 enterprises, 200 of them existing plants, 200 enlarged and the rest new ones. The total investment by 1960 — simultaneously with the completion of the agricultural sector — will be some IL500m. The industrial working force should increase to almost 200,000 as against our present 150,000 employed in industry and handicrafts.

In 1957, about IL100m. will be invested, and the major part of this has already been put into industrial development. New workers can be directed to four new textile plants, two in Jerusalem and one each in Kiryat Gat and Kiryat Shmona. These last two towns, it should be pointed out, are regional centres for the surrounding countryside. Only a few weeks ago, the ground was broken for a new \$20m. rayon plant at Ashdod Yam which will need hundreds of construction workers. And these are only examples.

The stress in industrial expansion is now being put on primary and secondary metalurgical industries, on the textile industry, and on chemicals, particularly industrial chemicals. Investment in these three alone will take about IL350m. of the total programme. More than 100,000 additional workers will be required to increase production of plastic paper, building materials and for food processing.

Immediate Employment

I must stress here that though much of the programme seems to be in the future, it is in reality very much in the present. A large part of this investment will be used for building and constructions, and workers in these trades will find places almost immediately. In addition, thousands of new immigrants will be employed this year in large-scale housing projects. It is fortunate, moreover, that many of the immigrants of 1957 are skilled and trained workers from the industrial centres of Europe.

How are these vast programmes to be financed? We are of course straining our every resource. But the money is simply unavailable here in Israel.

For some time now, we have been heightening our drive for private capital investment from abroad. And we are offering special conditions to attract foreign capital, including certain contemplated changes in the Investment Law.

In addition, we are intensifying our campaign among the Jewish communities of the world, both for the sale of State of Israel bonds and for philanthropic funds which

are a factor of particular importance in this absorption and the collection section in the economy.

Electric power is considered one of the reliable measures of a country's development: Israel's capacity, which was 200,000 kw in 1948, is now 280,000 kw and will rise by another 150,000 kw representing a seven-fold jump since 1948 — with the completion of the new power station that is now being built. Industrial consumption alone was 240,000 kw. in 1956 as against 71,300 kw. in 1948.

Many of the users of this power and industries which have hardly dreamt of only a few years ago. In 1951 and 1952, for instance, we had to import cement for immigrant housing because its production could not keep pace with building needs. Today Israel exports cement to a number of countries in every part of the world, including the United States.

Immigration and housing projects both depend on pipes of all sorts, all of which had to be imported. Today we produce aluminium piping, galvanized tubes and black pipe as well as concrete pipes up to 40 cm. in diameter. The introduction of the 100' pipe which will carry the waters of the Jordan irrigation project has already started.

—We imported all of its fertilizers in 1948; today, although the country's cultivated area has tripled, its fertilizer production supplies all domestic needs, with enough left over for export.

Both tire factories produce for export beside meeting the country's entire demand; foreign sales are steadily growing, and the tire factories are noteworthy. Its visible expansion, which totalled 100% in 1956, will go to 120% this year, and together with the invisible exports — trade and services — will pass the \$200m. mark.

Industry, including diamond polishing, accounts for an important part of this figure — here, too, after steady progress through 1955. Last year's exports included

which we did not export back in 1948: textile and clothing, shipments of which have risen 25-fold; cement to the value of \$3m.; tires, worth \$3m., although in 1948 not a single tire was produced in Israel; \$20m. worth of plastic products, sales of which have risen six-fold.

Among the many difficulties which confront the mar-

USOM's Aim: Israel's Economic Independence

By John J. Haggerty, Director, U.S. Operations Mission

BASICALLY, the purpose of the United States Foreign Economic Aid programme in Israel as elsewhere, is to help reinforce the independence and sovereignty of free nations in order to ensure maximum conditions of peace and tranquillity in the world, and thereby to safeguard the independence and security of the United States itself.

In the above respect, the United States programme in Israel is not essentially different from similar ones in other countries. This is a co-operative aid programme in its broad concepts and objectives, designed to complement and facilitate the economic development of the host government. The U.S. economic programme, therefore, has no specific aims or objectives apart from those of the host government.

Despite this bold planning, our agricultural expansion will eventually be limited by our water and land resources. We cannot hope to employ more than 20 per cent of our wage earners on farms. Industrial expansion must therefore receive much of our attention.

On this year's 25,000 immigrant families, seven to eight thousand will be directed toward industry. Knowing that our industry will have to absorb most of the new wage earners, we have already put into effect a four-year plan for the extension of heavy and light industry. The broad outlines of this plan have already been pub-

lished to some extent, but it is useful to fill in some of the details.

What I have outlined is only the bare skeleton of what is needed for the absorption of these 100,000 refugees. The extent to which these additional people can be integrated into the economy will bear important upon Israel's ultimate ability to achieve economic independence.

In the first years following statehood in 1948, emphasis has logically been placed upon rapid and full development of the basic industries. This is when the newcomers feel that they have truly come home, that they will be part of us — which is what absorption ultimately means.

For these reasons, emphasis

will aid the reception and initial absorption of immigrants.

One of the most important financial factors in our development since the establishment of the State has been the generous aid of the United States. On this day which commemorates the Declaration of Independence of the United States 111 years ago, it is particularly fitting for me to express our gratitude to that great nation which was also founded upon a policy of immigration. U.S. aid in the form of grants and loans, we hope, continues now, that it is an urgent need of the host government.

This month a special mission sent by the Export-Import Bank of Washington will arrive in Israel to survey our agricultural programmes for the coming year.

Mr. John J. Haggerty being sworn in as Director of the United States Operations Mission to Israel by Edward B. McMenamin, ICA Director of Personnel.

in the American Economic Aid Programme in Israel, with the full concurrence of the Israel Government and business community, is being increasingly shifted to projects and programmes in the industrial field. These include co-operation with the Hebrew University's Kaplan School of Economics in establishing courses in business administration, with the Technion at Haifa for advanced training in business management, with the Israel Productivity Centre to conduct seminars on specific case studies and problems in business organization and administration.

Representatives of Israeli business firms are enabled to make study trips to the U.S. for direct contact with American business methods in labour relations, cost accounting, product design, and other phases of business management.

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Five-Fold Increase in Exports

Citrus Takes Prime Place

By Eytan Ezrabi
Director, Export Division
Ministry of Commerce and
Industry

DESPITE its development since the establishment of the State, Israel's export trade may be still in its early stages.

It is true that exports rose from \$20m. in 1954 to \$105.5m. in 1955 and will, it is estimated, reach \$130m. this year, adding up to \$300m. together with invisible exports (income from services, tourism etc.). This represents a five-fold increase in the course of nine years, but it should be compared with the \$100m. foreign currency expenditure budget which will come to Israel in the fiscal year 1956/7.

The estimated foreign currency expenditure for the fiscal year 1956/7 has been fixed at \$320-575m., the higher estimate being conditioned by our ability to obtain loans to finance investment and development schemes and especially a loan from the American Export-Import Bank to finance the development of agriculture and irrigation. On imports alone, notwithstanding services and debt repayments, Israel spent some \$440m. in 1956/57. Thus the road to economic independence is still long, since the country's exports have increased only a little more than one quarter of its imports. The rate decreases even more if we take into account only the added value of exports, deducting the exchanged value invested in them.

The main effort in Israel's economic development has always been directed towards agricultural expansion and the development of industry and communication services for the reduction of the trade gap.

An appreciable part of Israel's export trade is in her citrus, which enjoys the advantages of natural conditions that enable it to compete in European markets thanks to its superior quality. A notable part of the country's industrial export, on the other hand, is directed to the 16 countries (sixteen) with which Israel has trade agreements and is thus protected against the domination of the great powers. It is clear that the growth of exports in both these cases must be limited in nature by the scope of the markets. Thus, growth is conditioned by Israel's ability to sell industrial products in countries where competition is free and difficult.

Agricultural exports (especially citrus, but including also peanuts, flowers, eggs etc.) are estimated for 1956/7 at \$22m. Diamond exports and industrial exports at \$47.5m. Agricultural exports are likely to double in the course of a few years as a result of the expansion of citrus areas and the export of other crops. On the other hand, it cannot be assumed that Israel will increase her diamond exports beyond 50m., since the absorptive capacity of the markets is limited.

Israel exports to some 20 countries, but her appreciable sales are confined mainly to Great Britain and Western Europe (citrus and a number of industrial products), the United States (particularly diamonds, fashions, trinkets and religious articles), and a number of "soft-currency" trade agreement countries, like Turkey, Finland and Yugoslavia.

Israel has not yet penetrated the large and distant markets of the Far East, South America and Africa. It will be difficult for her to sell industrial products to established countries and her efforts in this field will have to be concentrated on those that are industrially undeveloped. Even there competition will be difficult because of the high prices of Israel's products.

An additional difficulty is the absence of reliable and normal lines of communication and the need to resort to regular tranship ports.

Exports to industrially developed countries, on the other hand, is conditioned by our ability to produce high-grade and attractive products which can compete in a pampered market, and it is clear that they cannot be sold at exaggerated prices either. Moreover, we have not yet learned the art of some that are not among the products of other countries. Yet in many products, such as certain spare parts and crafts, we can reach a high productivity and compete even today.

The development of industry and quarrying in the country in the past few years has been concentrated on the production of basic materials.



Loading Citrus at Haifa Port.

should be encouraged to engage in it. A number of such firms have lately been set up at the Government's initiative.

In order to popularise products abroad, one must exercise care in improved and pleasant packaging and pay attention to the place and exterior of the product. Israel must also find ways of advertising with the modest means at her disposal. The country's industry is not yet well equipped with publicity material. Israel participated in international fairs, but she must broaden and improve her participation. Our industry is

still young and inexperienced in all these fields and needs professional guidance. We must likewise create the financial framework permitting sale on credit, as is done by competing countries which offer similar terms.

In the effort towards economic development and immigrant absorption, in which the foreign experts assisting us have made a notable contribution, Israel's emphasis is now shifting from the optimal exploitation of her natural resources for her own growth, to a concerted export drive. Our friends abroad can help us in achieving this aim.

U.S. Leads in Aid for Management Training

By Yaacov Levitsky

ONE of the fields in which the United States has been in the lead to the world is the development of the idea that management in industry and commerce is a science and a profession that calls for skill and training no less than other, more recognized, professions. The names of men such as Taylor and Gilbreth occupy positions in the history of scientific management akin to those of Freud or Adler in the development of psycho-analytic theory. They were among the first to pioneer the idea that the position of a manager is not a craft or art, but a dramatic impetus by an "imperial team" of five American businessmen who were brought over by ICA to conduct two short, but highly concentrated seminars on problems of management for the benefit of Israeli industry. Realizing that the conclusion of these seminars it was decided that a team composed of 15 of the participants should go to the U.S. in order to acquaint themselves further with American management with particular reference to small plants similar to manufacturing capacities in their own. This team whose departure was interrupted last year by the Sinai campaign will now leave for the U.S. in September of this year.

The details of the recommendations of the Donham Team were further spelled out in the report of Dr. Bertrand Greindler of New York University presented to Israel in July, 1956, to develop the actual work plan for a contract between New York University and the International Cooperation Administration in Washington to carry through the three programs mentioned above. This latter report, Dr. Greindler gave detailed proposals for the curriculum of the course in Business Administration to be introduced at the Hebrew University's Eliezer Kaplan School of Economics and Social Sciences. The Greindler Report also made some recommendations on the curriculum of the Industrial Management Course at the Technion, and for the Coordinated Executive Management Training programme.

The Donham Report, as it became known, saw the future of management training in Israel along three different but interrelated lines:

It saw the need for the establishment of a School of Business Administration at the Hebrew University in Jerusalem. This was envisaged as a graduate school for those who had taken a first degree in Economics, Law or the Social Sciences. This committee would supplement the basic training in those subjects, with further studies in such subjects as accounting, statistics for management, organization and financial controls.

The second line of approach would be the development of a Graduate School of Industrial Engineering and Management at the Technion in Haifa. Here, the aim would be to train what in the U.S. is called management engineers—men who would supplement their basic engineering training with further studies in the organization of the physical and human assets of the industrial enterprise, as well as studies of the manufacturing process, quality and cost controls.

The third and final line of approach would be a cooperative venture of the Hebrew University, the Technion and the Israel Institute of Productivity, providing a series of seminars and extension courses for those engaged in management in industry.

About this time the Israel Institute of Productivity was formed to implement the recommendations of the Greindler Report. This programme was given

New Courses

The interruption in the work of the U.S. Aid Programme following the Sinai campaign postponed the implementation of the recommendations of the Donham and Greindler reports. Now, however, final arrangements are being made for teaching the courses at the Eliezer Kaplan School as from the beginning of the academic year, that is in October 1957. Similarly, the Technion programme and the Coordinated Executive Management Training programme will take some time to become apparent. Nor can an improvement in management skills be expected to result in a rapid increase of productivity in Israel industry itself. Nevertheless, it is proposed to allocate large sums of money and in supplying know-how in management techniques and skills towards the training of trainers who will ultimately educate a new generation of Israeli managers in the vital field, in which Israel's deficiency is all too evident.

U.S. aid in these various management programmes will be of a dual nature—American

style and comfort at a popular price.
Buy THE AMERICAN SHOE
At all leading shoe stores.



THE American SHOE

ASSOCIATED WITH THE GENERAL SHOE CORP., NASHVILLE, TENNESSEE, U.S.A.

Improved Design and Quality Help Sales

By John Cheney

Co-Director, Israel Institute of Industrial Design

If the mass production economy of the post-war world has been able to meet the need for called Industrial Design, and it has assumed in the last few years an ever more important place in the economy, both in the U.S. and Europe.

The profession which has grown up to meet the need is called Industrial Design, and it has assumed in the last few years an ever more important place in the economy, both in the U.S. and Europe.

As the American economy has come to depend on and plan for the quick development and frequent replacement of many everyday articles of use, new and better designs are demanded at a rapid rate.

In Europe, which has a more conservative economy in general, it has still been necessary to offer designs which are functional and aesthetically to keep up with the desires of the consumer and the competition of foreign goods.

The destiny of Israel demands a strong and viable manufacturing economy as well as a healthy and expanding agriculture. This is necessary as much to insure the balance of foreign trade by substantial exports as to provide consumer goods of good quality for the interior market. Conscious of the problems of locally produced goods which must compete in the world market, Israel must base her economy on a basis of price, but of quality, appearance and originality, the Israel Government—with the help of the U.S. Operations Mission to Israel—proposes to set up a full range of Technical assistance programmes for education and professional advice in industrial design.

To implement this, two separate projects are established. One, located at the Technion in Haifa and established by the Boston Institute of Contemporary Art, concerns itself with education in industrial design in the broadest sense. Computer Faculty of Architecture have been established, and all architecture students now receive an indoctrination in the ideas of basic industrial design.

Special Course

It is expected that by next fall it will be possible to open a fifth-year course for a small number of students specializing in this field. Outside the school, extension courses are given for interested persons in manufacturing and the crafts. A programme of seminars and individual ad-

vice for manufacturers is carried on.

In connection with this Israel Institute of Industrial Design programme, a series of market surveys are being made in the U.S. Israel products already available on the American market and others which seem to have a potential for export are judged by panels of department store buyers, importers, designers, and marketing experts along with imported goods from other countries.

The major conclusion which appears from the surveys carried out so far is that with her high production costs and relatively small volume production, most avoid competing in the low-cost, low-quality market. Instead, they are seeking to sell goods of outstanding quality, excellent and novel design, superior function or usefulness.

The Institute also will spend during the next few months a permanent exhibition of good furniture and Israeli design, which should help the public to understand the new

and good trends in design and at the same time serve as a show place for the best efforts of Israeli manufacturers.

Perhaps the most interesting and in the long run most important part of the Institute programme is what we call Design Potential. This is a week when Israel can be a week, and make them less expensive and better.

This is in this country an artistic and craftsmanship potential, which if properly combined with the manufacturing facilities which also exist, could turn out products competitive in the best sense on the world market. This is not to be achieved easily, but if cooperation between the artistic and manufacturing groups, and a willingness to try new things, it is possible.

The Institute also will be organized to give immediate assistance to Israeli manufacturers in the development of products for export; and to demonstrate, by actual design work with and for Israeli manufacturers, the procedures and benefits of industrial design.

There are two objectives to the work of IPDO: to give immediate assistance to Israeli manufacturers in the development of products for export; and to demonstrate, by actual design work with and for Israeli manufacturers, the procedures and benefits of industrial design.

With IPDO's help a number of interesting new products are already on the market or being prepared for release to the public in the near future. These include such widely used items as a kerchief room heater, a baby oven, a commercial water boiler, a pressure cooker, metal giftware, silver hardware and packaging for supermarket products, pharmaceuticals, and cosmetics.

A 20th-century passenger train waits in the well designed, newly constructed station at Beersheba. The vital railway line to Beersheba was made possible through U.S. assistance.

Squaring Israel's Economy

(Continued from Page D)
unorthodox methods had to be adopted to achieve such results.

If these methods were reduced to a single formula, one could say that they were essentially based upon the extreme expansion of both investments and home consumption, i.e. a radical implementation of a "full employment policy," even to the neglect of international markets.

It has often been observed that Israel should have reduced her standard of living—though it would be more exact to say that she should have increased her very low rate of savings, typical of inflationary circumstances. Less attention has been paid hitherto to the extraordinary rate of gross investment, which was 14.5 per cent of the gross national product in 1956 (and had been 19 per cent in 1954). In 1949-1955 net investments were a full 27 per cent of Israel's net national product. Is double the rate of what it was in the U.S. during its heroic expansion period 1949-1953, and three times as much as in most other Western countries in the first half of this century. There is no doubt that such extremes must have exerted a profound influence on the country's economic and social framework.

It is therefore patently impossible to combine immigration — i.e. mass immigration on a scale envisaged in Israel for the coming years—and economic independence. For what else may be involved in this slogan? It does imply, for a small country like Israel, an economy largely producing for the world market or at least at world market prices.

The coming fiscal year should see the main features of the economic programme, that is in October 1957. Similarly, the Technion programme will roughly deal with the fields of management organization and control, production and quality control, personnel and labour relations, financial management and cost control, and finally marketing.

The coming fiscal year should see the main features of the economic programme. The results, in the form of higher standards of management in Israel industry, will take some time to become apparent. Nor can an improvement in management skills be expected to result in a rapid increase of productivity in Israel industry itself. Nevertheless, it is proposed to allocate large sums of money and in supplying know-how in management techniques and skills towards the training of trainers who will ultimately educate a new generation of Israeli managers in the vital field, in which Israel's deficiency is all too evident.

It is not the influx of foreign capital nor the receipt of foreign aid that makes a country lose its economic independence — in a deeper sense — but the inability to make ends meet without such an influx or aid, i.e. to rely upon its own exports, visible or invisible, either because its products are too expensive or because it does not produce the goods in demand, or both.

From this vantage point, the inevitable and inescapable decision to go on with mass immigration entails a double risk. One of its aspects regards raising the vast amounts of capital necessary to finance the investments and the uptake of immigrants. The other aspect is the productive and consumptive expenditure entailed in the absorption process. The other, and perhaps the more important, regards the final result of this process: for great and sustained though it may be, it cannot obviously go on forever.

Eventually the matured economy will have to adapt to the world market and to achieve that end a reverse adaptation process will have to set in in due time. It is therefore patently impossible to combine immigration — i.e. mass immigration on a scale envisaged in Israel for the coming years—and economic independence. For what else may be involved in this slogan? It does imply, for a small country like Israel, an economy largely producing for the world market or at least at world market prices.

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HOW U.S. AID is UTILIZED

By Dr. Flounoy A. Coles Chief, Economic Analysis Division, U.S.O.M.

PURSUANT to the avowed objective of the United States Government in co-operating with friendly nations to achieve their economic independence, the U.S. Operations Mission (U.S.O.M.) under the Joint Economic Aid administered a total of \$262.5 m. in financial assistance to Israel, at the request of the Government of Israel.

A rough breakdown of this sum reveals that \$270.7m. went into development assistance, \$84.5m. took the form of agricultural commodities, and \$8.6m. went into technical cooperation projects.

Development Assistance

The funds listed above for development, assistance and the distribution of U.S. agricultural surpluses to Israel have been used exclusively for the purchase of commodities abroad. This year, American aid (1956-57) found Israel largely centering its attention on resettling and rehabilitating some 700,000 new citizens. Often the emphasis was on the importation of food and raw materials for clothing and shelter.

Subsequently, emphasis shifted to "development projects" as a means of absorbing the newcomers occupationally. Consequently, dollars were used in this stage to purchase commodities for a multitude of developmental projects—raw materials for industry and agriculture, planes, large quantities of semi-finished goods, were imported. Even in this stage, however, the supply of food items constituted an important aspect of U.S. assistance.

Existing arrangements require that local currency generated by the U.S. be set aside by the Israeli Government for financing those development projects as are mutually agreed upon. These funds, in fact, become a part of Israel's Development Budget; since the beginning of the American aid program in Israel some 25% of all Development Budget expenditures have originated from American aid programmes.

This \$25m. has amounted to IL282.9 million, with major categories of expenditure as follows (in millions of Israeli pounds):

Agriculture, 22.5; Irrigation 22.5; Industry (other than mining), 37.8; Housing, 35.2; Public Works, 16.1; Power, 15.3; Communications and Transportation, 12.5; Local Government, 9.5; Mining, 8.2; Public Buildings, 4.8; Port Improvements, 2.5. (These figures do

not include IL25m. generated by the 1956-57 program, governed by the terms of which is not yet available.)

The aspect of USOM termed "Technical Co-operation" is designed to assist Israel in improving its industrial and improving technical competence as dictated by the country's goal of economic viability and independence. The task of USOM has been to make available to Israel the best obtainable experience and equipment related to the task of Israel has been to maximum use of the technical knowledge thus gained. In short, successful implementation depends upon Israel initiative and leadership—the task of USOM being to guide and assist.

The Technical Co-operation programme comprises three fields: (1) American technicians assigned to Israel; (2) Israel technicians sent to the U.S. for additional training; and (3) Purchase of equipment and commodities new to the demonstration of specialized techniques.

Examples of Co-operation

What specific forms of assistance do the Technical Co-operation projects take? Here is a brief (but not complete) list of some key activities, which have been carried on throughout Israel:

Agriculture (including water development). Expansion of irrigation facilities, construction of dams, extension services, operating, erection of farm structures, construction of rural housing, introduction of new crop varieties, improvement of livestock industry, reorganizing and expanding agricultural research stations, etc.

Industry (including mining and transportation). On-the-spot technical advice to key industries, providing special courses in management, offering the services of American productivity specialists, the establishment of an industrial design department at the Technion, mineral development (with emphasis on potash and phosphates), transportation network expansion and improvement, etc.

Health and Sanitation. Organization of local health units, improving the training programmes for nurses and paramedics, extension of preventive medicine activities, etc.

Education. Expansion of vocational education training, improvement of teacher-training techniques, develop-



Over IL5,000,000 in American generated counterpart funds have gone into development of Israel's mineral resources in the Negev. Above is open pit phosphate mining at the Orot field.

Geologists Map New Industries

By Yaakov K. Bentor

Director of the Geological Survey of the Ministry of Development; Associate Professor of Mineralogy and Petrography at the Hebrew University.

WHEN the exploration of the Negev's natural resources began just over eight years ago — shortly after the Defence Forces reached Elat — Israel had few geologists to undertake this enormous task and just a few mining engineers to follow up discoveries. Exploring for minerals, and other deposits is a long process, beginning with the systematic geological mapping of an area and, when ores have been ascertained on the surface, continuing with more detailed mapping, underground drilling,坑探, and tunneling; and finally, with various kinds of laboratory and other analyses to ascertain whether the composition of the ore and its mineral content make exploitation economically feasible.

Throughout these years the major work of the Survey has been going on research, both in the field and in the laboratory, and in methods of exploitation of those deposits whose economic worth has been established. It takes many years to train scientists in geology and related subjects, and through the number of students in the Hebrew University has been growing steadily, there are not enough of them to this day.

Thus, hardly had "Point Four" moved into Israel in

works new processes which will help to remove various bottlenecks in production. Moreover, a special laboratory for ore dressing problems has been blueprinted by USOM engineers and is now being constructed for the Israel Mining Company (Mezavet Israel).

(3) Laboratory research of the mineralogical composition and properties of raw materials: U.S.O.M. provided many instruments which are not available in the country, the poorly-housed veteran settlers and immigrants whose so-called permanent accommodation is sub-standard. There are still some 4,000 families living in wooden huts and permanent quarters, apart from the 4,000 families still residents of "established" moshavot, and 8,100 quartered in moshavot in development areas. Another 2,900 families are keeping house in former British army camps.

Altogether, a total of 30,000 housing units are needed to replace provisional shelters occupied by residents of more than a year's standing.

Housing is Chief Problem

By H. Darin-Drabkin
Economic Adviser to the
Housing Division, Ministry
of Labour

THE demands of increased immigration in the next few years will impose an even heavier burden than heretofore on Israel's capacity to build houses for the newcomers. If the goal of 80,000 to 100,000 immigrants a year is reached, a minimum of 21,000 to 26,000 housing units must be erected annually to shelter them.

Moreover, we have learned

that relaxation of building

standards or reversion

to the system of temporary

shelters which followed the

mass immigration of 1948/51 does not pay off.

A study shows that in terms

of space per unit, permanent

structures are cheaper than

temporary ones, not to speak

of the social harm inflicted on a whole generation of immigrants condemned to live

in moshavot,

Poorly Housed Veterans

However, housing require-

ments are not limited solely

to the new immigrant sector,

but must take into considera-

tion the poorly-housed

veteran settlers and im-

migrants whose so-called

permanent accommodation is

sub-standard. There are still

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Inferior Dwellings

An analysis of Israel's re-

quirements shows that she

must erect a minimum of

45,000 units a year for

the next few years

— 26,000 dwellings for new

immigrants and 20,000 to

quarters eliminating residen-

tial units occupied by old

immigrants.

Investment in building in

IL250m. — of which

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proximately one-third of the

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vestment in the same year.

The Government's target

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30,000 units of which 13,000

were financed by the Govern-

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8,600 for veteran residents

with limited means. The

remaining 11,000 units were

funded by private contrac-

tors.

To finance our goal of

growing settled population.

If we have no more than an average of 2.5 persons per room, Israel requires an additional 110,000 rooms, or 40,000 flats, just to meet present requirements. This calculation is based on the density statistics of the 1954 Population Survey conducted by the Ministry of Labour, which found that 28 per cent of the population were living 1.5 persons or less per room; 33.8 per cent 1.5 to 2.5 persons per room; 21.7 per cent 2.5 to 4 persons per room; and 21.4 per cent more than four persons per room.

Country	Year	% Dwellings with more than 2 persons per room	
		Urban	Rural
Canada	1951	15	41
Sweden	1950	41	41
Britain	1951	3	3
Ireland	1950	4	25
France	1950	42	52
Greece	1950	54	68
Ceylon	1950	54	54
Guatemala	1950	54	54
Peru	1950	54	54
Israel	1954	47.2	57.2

45,000 Units a Year

An analysis of Israel's requirements shows that she must erect a minimum of 45,000 new housing units a year for the next few years — 26,000 dwellings for new immigrants and 20,000 to quarters eliminating residential units occupied by old immigrants.

Investment in building in IL250m. — of which the Government put up IL10m. — or approximately one-third of the country's total capital investment in the same year.

The Government's target towards the erection of 30,000 housing units, of which 13,000 were financed by the Government for new immigrants and 8,600 for veteran residents with limited means. The remaining 11,000 units were funded by private contractors.

To finance our goal of

IL250m. will have to be found, a sum which, if made available, indicates that we will amount to about one-half of the national investment.

If we allow for Government financing of 30,000 units and private investment building the other 15,000, the State will still have to budget IL150m. in IL150m. for housing alone.

The Development Budget, the State's allocation towards

expanding agriculture, in-

dustry and the urbaniza-

tion network, and of which

25 per cent went to build

new homes, totals only

IL250m. in 1957/58. It is

clear that the Government is financially incapable of coping with the country's housing needs out of its own alternative sources of capital, both through special loans floated in Israel and through assistance from abroad.

Professor Bentor (left) with Burton Ashley (right) at the site of asphalt occurrences near Sodom.

Photo: G. L. Bentor

SHARON HOTEL

MERIDIAN HOTEL

HOLIDAY TIME

SHARON TIME

SHARON HOTEL

MERIDIAN HOTEL

HOLIDAY TIME

SHARON TIME

SHARON HOTEL

MERIDIAN HOTEL

HOLIDAY TIME

Agriculture Must be Tuned to Nation's Economy

New Farmers' Tremendous Achievements in Settlement

By Dr. A. G. Black

Country Representative
Food and Agriculture
Organization of the U.N.

UNDER the best of circumstances the tasks undertaken by the people of Israel since 1948 in the agricultural development sector would almost certainly have given rise to numerous imbalances, unevenness of progress, maladjustments of various kinds, certain errors in calculation or omission, and some misdirection of efforts and investment, including a certain amount of outright waste and loss.

Yet, when these are viewed in relation to the circumstances under which development has taken place, it is astonishing that there have not been more of these errors and maladjustments. The task of settling some thousands of immigrant farmers most of whom had no capital and many of whom were from the poorest strata as regards education, health, culture and general well-being, has been tremendous.

The task of taking such people, few of whom had any real desire to become farmers, and fewer still who had any farming or even rural experience; settling them on farms, giving them training and education sufficient for them to make a beginning at a new occupation in a new country under strange surroundings and imbuing them with the idea that this new occupation offered for them an opportunity to become independent citizens in this new state was an undertaking that might well have proved dismaying.

Effect of Inconsistent Policies

Impressive as these results are, even more satisfactory developments in the agricultural sector might have been attained had not certain hampering and sometimes inconsistent policies been allowed to dominate the direction of developmental activities. Perhaps total production tonnage has thus far suffered little if any, but the direction of development would have been different and the whole agriculture sector could have been in a sounder economic position than it is now.

Thus far the full effects of maladjustment in agriculture have been hidden, at least in part, from the farmer when he gives by the use of subsidies one form of another. Ever increasing difficulties on the farm front have been met thus; and it is uncertain how long the farm economy can be insulated from the mounting pressure of economic forces. Even a casual examination of

Value of Larger Fields

There is some break, however, in the universality of the small holding. In recently formed settlements a considerable part of the total land holding has been kept intact and used for the production of individual crops or of other products which cannot be efficiently produced in small plots. This significant move has not been widely heralded. Indeed it has been stated that eventually these large blocks of land will be subdivided. But it is hoped that the wisdom of keeping the land in large fields whenever it is possible to employ the most modern methods of production will become so generally accepted that the farmers themselves will demand that the land remain undivided. In the meantime this method of settlement avoids a direct conflict upon ideological questions concerning which dogmatic if sometimes illogical views are sometimes encountered.

The question of scale of operations needs further consideration, since it is bound to be related to the demands placed by the country upon the agricultural sector of the economy. Under the most favorable operating circumstances Israel agriculture is likely to continue to be a high-

yielding producer.

Milk production has more than doubled, meat production (beef and sheep) quadrupled as has poultry meat production. Egg production has more than doubled. It is unnecessary to relate in further detail specific performances, as these are duplicated in almost every phase of agricultural development.

Construction of the 100-km. long reinforced steel and concrete Yarkon-Negev Pipeline was made possible with USOM aid.

cost agriculture as compared with costs of similar products elsewhere. Agricultural resources are not high quality and very scarce. In comparison with the needs, as a result agriculture must necessarily be pushed out upon lands that are relatively poor or where costs will be high.

Specific characteristics of Israel's agriculture which contribute to relatively high costs include the unreliability of yields in dry-land farming, due to uncertainty of rainfall over large parts of the country.

The cost of irrigation water is high because of the expensive manner in which water resources must be developed and transported, the altitude to which most of it must be pumped, the cost of power generated from imported fuel, and the depreciation charges on costly imported equipment.

Two years ago it was estimated that costs of water were 32.12 prutot per cu.m. which is equivalent to \$54.05 per

in a number of different lines the product has increased to a point where the needs of the population are satisfied, at least at current prices.

For example, a chronic surplus of vegetables is developing. The difficulty is to dispose of vegetables of one kind or another has continued long after the usual flush production peak has passed. Expansion of production is likely to continue for the newer settlements as are yet only partly developed. Every year brings new thousands of dunams under irrigation, mostly in newer settlements.

It has been found necessary to remove substantial quantities from the market and dump them in order to maintain prices. The market could not absorb all market receipts of vegetables at the prices considered necessary by the managers of the Minimum Price Fund. In addition, special subsidies have been given to the producers of vegetables in the new settlements. How the small farms may adjust to the prospective danger is indeed a puzzling question in one sense, can it ever be answered with complete certainty? The situation may be discussed and possible alternatives pointed out. There is, however, no completely satisfying answer.

Most of the farms established since 1948 are small farms of about 30 dunams. In order to supply a reasonable family living, these farms must produce labour-intensive, high value products. Until recently (though as early as 1952 or 1953 certain danger signs were appearing) various types of vegetables, cows, poultry, citrus and deciduous fruit gave extraordinary profits as compared with what farms of similar size and resources would yield in other countries. Prices were high—so high, indeed, that rationing and price fixing had to be undertaken in order to give some protection to consumers who were largely of low income groups. Everyone thought that war production could be sold without effort and almost without regard to quality. There was a superficial appearance of an unlimited market for an unlimited quantity of farm products.

Continued increases of produc-

tion arising from continued de-

velopment and from the establish-

ment of new farms in new settle-

ments has generally put so much pres-

sure upon the price level that it is clear that major adjustments must be made sooner or later.

Certainly the time is past when a

satisfactory income can be derived from the sale of products from a couple of hundred head, two or three cows and a dozen

varieties of vegetables. Nowhere is

the world can the employment of

these few resources yield the

income established in Israel as

a minimum standard. It has been

possible, however, for the benefit of

very unusual circumstances. But

now the time for a realistic ad-

justment of income levels ap-

pears to be ripe.

It has been commonplace

for producers to demand spe-

cial treatment from the Govern-

ment at the first signs of

A Multitude of Targets

Israel must, by every practical means, increase its agricultural productivity and efficiency. Improvement in individual productivity will, as time goes on and in an increasing degree, require more per capita resources in terms of land, capital and water.

Opportunities for improving net productivity through improvement in marketing methods and techniques have hardly been touched.

Improvement in net productivity will require shifting in types of farming and choice of farm enterprises to reflect quickly the market possibilities for absorbing products at acceptable prices. Unless average incomes to agricultural workers are allowed to decline no bars must be raised to the quick response to changing economic conditions which require shifting in types and sizes of farm enterprises.

Agricultural population must not be maintained at a level higher than needed for agricultural production purposes, and paid entirely from agricultural income. To the extent that the agricultural population is maintained at a high level for reasons other than economic, to that extent the cost of its maintenance should be provided by the general economy.

Continued high returns to agriculture are dependent upon an expanding economy providing an increasing market for agricultural products.

economic difficulties. Seldom is the first step a simple one of self-examination to see if and how costs may be reduced, efficiencies in production and marketing may be achieved, or why profits and individual income within the enterprise cannot be adjusted to the changed economic situation.

We sometimes have too limited a view of what makes up the "improved methods" for production efficiency. These improvements consist in part of such things as varieties of plants and animals, improved pesticides, increased knowledge of feeds and feeding, improved animal health measures, better care of the product at harvest resulting in higher quality and fewer losses. But essential to an often overlooked part of these improved techniques are improvement in management practices, improvement in labour efficiency, changes in types of farming in order to be able to apply and put into practice these techniques.

Changes in types of farming units so as to make it possible to utilize effectively the new technical discoveries are as much key factors in the improved efficiency as are more productive hybrid grain varieties or new insecticides.

Marketing Improvements Vital

A MOMENT'S reflection will similarly demonstrate that improvements in marketing—the getting of produce from the farm onto the consumer's table with all that that entails—must be looked upon as an important part of the work of increasing the effective work output of the individual farm producer as any of the strictly agro-technical discoveries.

Farmers do not produce food and fibre products merely for the sake of producing but because they meet consumers' needs and consumers are willing to pay for them. But it is important to both producers and consumers that the products arrive at the market in the right condition, that they are of the kind and quality needed, and are attractively displayed and handled under sanitary conditions.

It is to no one's advantage (least of all to that of the general economy) to have land, water, labour and supplies used for the production of farm products which are lost through careless handling, transportation and merchandising. Similarly, it is a waste of valuable resources to transport and handle through the marketing channels "off-quality" products which should never be permitted to leave the farm and which eventually are destroyed or otherwise wasted.

These improvements in marketing techniques contribute importantly to the effectiveness of the whole production effort. There are many directions in which marketing

Aims Behind Agricultural Policy

WHEN policy problems are considered it must be realized that these are often decided on the basis of factors only partly economic in character. Decisions based upon non-economic grounds such as political, sociological, sentimental, religious, security, ideological, may carry incidental economic considerations that make it impossible to carry out projects in the manner originally planned.

An Israeli Minister of Agriculture, Mr. Peretz Naphtali, expressed this thought in 1953 when he said in a speech that "The aim of agriculture is not only Food Production. There are also problems of statesmanship, sociology, colonization and defence involved. We cannot satisfy ourselves with pure economic thinking and by analyzing agriculture from the viewpoint of its own profitability. There is a great need for distributing the population over the whole country, conquering and developing the desert and changing the professional structure of the settlers."

These are all commendable objectives and without doubt have been important influences in guiding the development of Israel agriculture.

The economist cannot rightfully object. But he can ask loudly and insistently, "How are these non-economic objectives going to be paid for?" Heretofore the answer has been shrunk off, but more and more the force of circumstances is demanding an answer.

It has been tacitly assumed that agriculture itself, could, through its economic activities, pay the cost of all these other non-agricultural objectives!

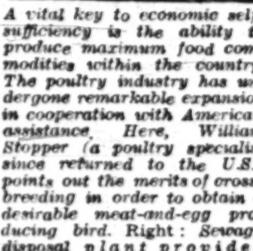
It should be realized that everywhere agriculture is a relatively low income industry. If farm people are to enjoy incomes comparable to those earned elsewhere they



These blocks of flats near Tel Aviv are among some 18,000 dwelling units made possible through counterpart funds generated by American aid. Altogether, some \$39,500,000 in Export-Import Bank Loans and counterpart money have been expended on new housing.



Rapidly taking on definitive shape is the Yarkon River bridge on the outskirts of Tel Aviv. The bridge is being financed with American assistance.



A vital key to economic self-sufficiency is the ability to produce more and more food commodities within the country. The poultry industry has undergone remarkable expansion in cooperation with American assistance. Here, William Stopper (a poultry specialist since returned to the U.S.) points out the merits of cross-breeding in order to obtain a desirable meat-and-egg producing bird. Right: Seage disposal plant provided through USOM.

or by government borrowings or deficit financing by gifts or grants, from outside of the domestic economy, or by a combination of these.

It is not suggested that these measures in themselves are necessarily wrong. They are merely listed as alternative ways of meeting the problem. A further alternative is available to reduce the standard of living of the agricultural population to more nearly correspond to its real per capita economic productivity. This would, of course, be tacit acquiescence to the requirements of the agricultural sector to bear the principal burden of a large percentage of foodstuffs.

Sometimes one hears apologists for the marketing system justify present methods by saying that the price margins between the producer and consumer, percentage wise, are about the same as in the United States. To the extent that this is in fact true, it is a terrible indictment of the efficiency and quality of the Israeli marketing system. Such a solution is an admission that Israel no longer can expect to enjoy an expanding economy. Yet if Israel is to prosper it must do so by means of an over-expanding economy.

Surely it is no solution to consider dividing a constant "pie" among an ever enlarging population. In that direction lies stagnation and decline. Instead, an expanding economy must constantly provide broader and more attractive employment opportunities. And in any expanding economy, as economic

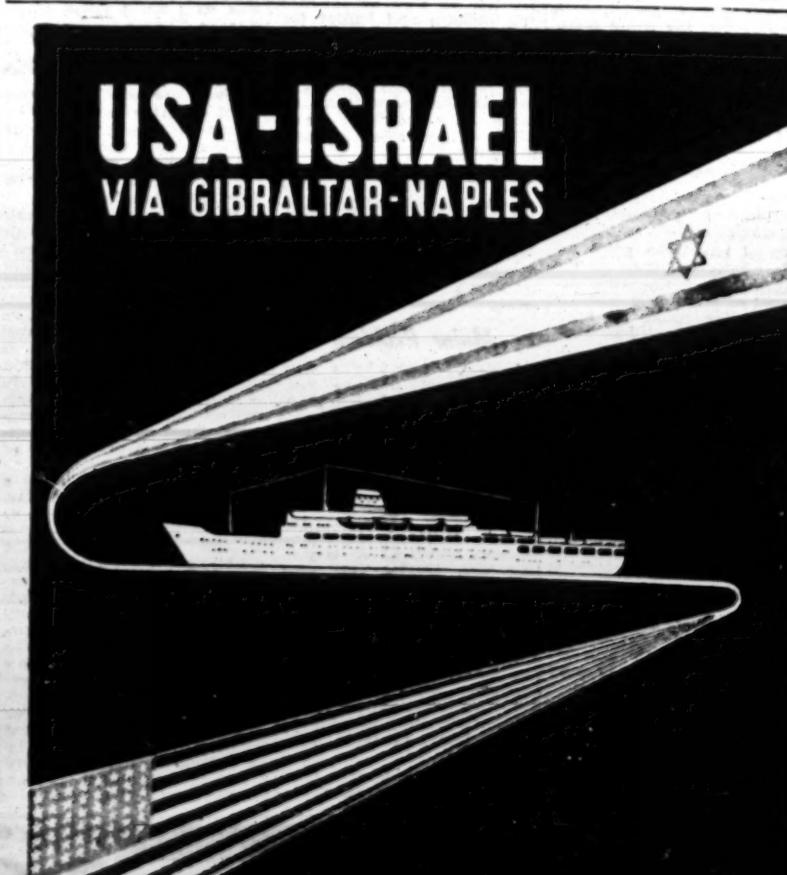
history universally shows, the non-agricultural sectors advance in size relatively faster than the agricultural sector.

Economic progress everywhere seems to be univer-

sally accompanied by a relative reduction in the share of the total national production derived from agriculture. This means that agricultural individual incomes are to be maintained at anywhere near the national average over fewer people must be engaged in agricultural pursuits.

Indeed one of the characteristics that most clearly mark an undeveloped country is the very large portion of the population engaged in farming.

The concern of Israel in the economic sector needs to be directed towards means by which the total national real product may be increased rather than towards artificially directing people into agriculture. Indeed, undue encouragement to enlarge the agricultural population would no doubt result in decreasing rather than increasing the total national real product.



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AGENCIES THROUGHOUT THE COUNTRY

Israel Agriculture 1952/54, p. 182